

EXHIBIT 2

HOTEL MANAGEMENT AGREEMENT

Between

FOUR SEASONS HOTELS LIMITED

And

CHANNEL DRIVE L.L.C.

FOUR SEASONS RESORT, SANTA BARBARA

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resolving the Dispute within five (5) additional days, failing which they shall each retain an expert on the sixth (6th) day and the two (2) experts thus chosen shall together act as the expert for the purposes of this Section 19.02(b). If either party shall fail to appoint an expert as required hereunder, the expert appointed by the other party shall be the sole expert. Within thirty (30) days after the experts have (or such single expert has) been retained, the experts (or such single expert) shall, on a non-binding basis, advise the parties in writing of their (or his or her) views. The expenses of the experts (or such single expert) shall be borne equally;

- (c) third, if the parties are still unable to resolve the Dispute within such thirty (30) day period, the parties shall resort to the arbitration procedures set forth in Section 19.03; and
- (d) fourth, any party to the Dispute shall be entitled to join any Dispute proceeding arising out of this Agreement with any other Dispute proceeding arising out of this Agreement.

19.03 Arbitration

Except as otherwise provided in Section 18.04 and this Section 19.03, any Dispute arising out of or relating to this Agreement shall be settled by arbitration as follows:

- (a) each party shall be entitled to serve upon the other party written notice of its desire to settle the matter by arbitration. Within ten (10) days after receipt by the other party of such notice, each party shall appoint an arbitrator and within ten (10) days of their appointment the two (2) arbitrators so chosen shall nominate a third independent arbitrator; provided that in the case of any arbitration in respect

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of Section 18.07, such third arbitrator shall be either an independent arbitrator or an attorney with at least ten (10) years experience in the luxury hotel business in the target market in which the Hotel competes. If within such ten (10) day period the two (2) arbitrators fail to nominate the third arbitrator, upon written request of either party, the third arbitrator shall be appointed by the American Arbitration Association and both parties shall be bound by the appointment so made. If either party shall fail to appoint an arbitrator as required under this Section 19.03(a), the arbitrator appointed by the other party shall be the sole arbitrator of the matter;

- (b) the decision of the arbitrators (or such single arbitrator) shall be made within thirty (30) days of the close of the hearing in respect of the arbitration (or such longer time as may be agreed to, if necessary, which agreement shall not be unreasonably withheld) and the decision of a majority of the panel (or such single arbitrator) when reduced to writing and signed by them shall be final, conclusive and binding upon the parties hereto, and may be enforced in any court having jurisdiction;
- (c) the arbitration shall be held in the City of Los Angeles, California and, except for those procedures specifically set forth in this Section 19.03, shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof; and
- (d) the arbitrators (or such single arbitrator) shall determine the proportion of the expenses of such arbitration which each party shall bear; provided, however, that each party shall be responsible for its own legal fees.

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Norwithstanding anything contained in this Section 19.03 either Owner or Operator shall be entitled to (i) commence legal proceedings (in which case the provisions of Sections 22.09 and 22.10 governing jurisdiction and service of process shall govern) seeking such mandatory, declaratory or injunctive relief as may be necessary to define or protect the rights and enforce the obligations contained herein pending the settlement of a Dispute in accordance with the arbitration procedures set forth in this Section 19.03, (ii) commence legal proceedings (in which case of provisions of Sections 22.09 and 22.10 governing jurisdiction and service of process shall govern) involving the enforcement of an arbitration decision or award arising out of this Agreement, or (iii) join any arbitration proceeding arising out of this Agreement with any other arbitration proceeding arising out of this Agreement.

ARTICLE XX

OPERATOR'S LIABILITY

20.01 Standard of Care

Operator shall not, in the performance of its obligations under this Agreement, be liable to Owner or to any other Person for any act or omission of Operator or any of its Affiliates engaged by Operator to assist Operator in the performance of its obligations under this Agreement or any of their respective directors, officers, employees, consultants, agents or representatives, except only to the extent such liabilities, obligations, claims, costs and expenses arise out of or are caused by the willful misconduct, gross negligence or bad faith of Operator or any of its Affiliates or any of their respective directors, officers, employees, consultants, agents or representatives or the willful breach of the terms and provisions of this Agreement by Operator or any of its Affiliates or any of their respective directors, officers, employees, consultants, agents or representatives.